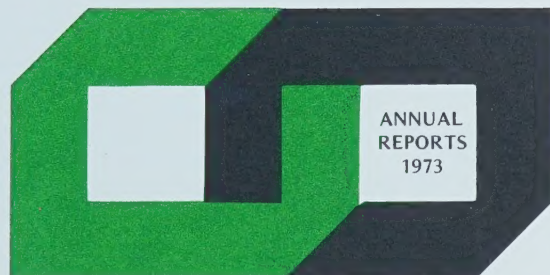


AR47



# REALTY CAPITAL CORP. LIMITED

FEDERAL TRUST/COUNTY SAVINGS AND LOAN CORPORATION





*Members of the executive committee in session are, left to right, David S. Ades, President; Gerald Rose, executive vice-president (standing); Peter R. Simpson, assistant vice-president and mortgage manager; Consiglio Di Nino, vice-president; Roger I. Coe, vice-president and treasurer.*

### ANNUAL MEETING

The annual meeting of shareholders of Realty Capital Corp. Limited will be held on Wednesday, May 15, 1974, at 3:00 p.m., in the Confederation Room #3, Royal York Hotel, Toronto.



## LOOKING AHEAD . . . A Management Viewpoint

Our prediction for 1973 was fairly accurate and, as anticipated, interest rates rose substantially throughout the year.

The decline in the U.S. dollar helped improve that country's world goods trading position, in relation to other western industrial nations and its balance of payment position improved.

The oil situation is, in our estimation, a boon-in-disguise to the North American continent. The Arab embargoes have put upward pressure on the cost of goods manufactured by the other Western European nations and Japan — the biggest competitors to the North American continent — at a much faster rate than in the U.S. or Canada. With continuing increases in the price of oil, it will become economical to extract production from areas where previously it was not, thus increasing the supply in Canada and the U.S. and reducing dependency on politically-oriented suppliers.

Trade with the Far East countries should increase substantially as the U.S. and Canada capture business which otherwise might have gone to Japan and/or Europe.

Partly because of these reasons, we believe money will flow back into the U.S. and Canada from Europe as it becomes more profitable to manufacture on the North American continent. This should have a downward pressure effect on interest rates.

Rates, in our estimation, should therefore start to decline later in the year.

Inflation is still the largest dark cloud on the economic horizon, however, in relation to the other western industrial nations, we believe the rate of inflation should not be as "rampant" in Canada and the U.S.

It is imperative in all this that we retain in Canada as much of "Canada" as we can and not sell ourselves out to the highest European and Japanese bidders. Canada must remain very jealous of its resources, its institutions and its industries. In this regard, we welcome the moves of the Federal Government in that direction.

Within Canada the prime areas of growth should continue to be Toronto, Montreal, Ottawa, and Vancouver. The natural effect on our own industry will be that more savings and more mortgage lending will come from — and be required for — those areas.

## ANNUAL MEETING

The annual meeting of shareholders of Realty Capital Corp. Limited will be held on Wednesday, May 15, 1974, at 3:00 p.m., in the Confederation Room #3, Royal York Hotel, Toronto.

## SUMMARY OF CONSOLIDATED RESULTS

	<u>1973</u>	<u>1972</u>	<u>% Increase (Decrease)</u>
Earnings summary			
Total Income	\$ 6,095,000	\$ 4,801,000	27
Interest charges	3,574,000	2,451,000	46
Expenses	1,823,000	1,246,000	46
Income taxes	307,000	507,000	(39)
Earnings for the year*	391,000	597,000	(34)
Return on average shareholders' equity	10.8%	21.6%	(50)
Shareholder items (per Class A share)			
Earnings for the year**	\$ 0.55	\$ 0.94*	(41)
Dividends	0.30	0.20	50
Equity***	5.10	4.88	5
Market price			
High	7 3/8	7.50	
Low	3.85	3.50	
December 31	4.00	6 1/8	
Price/Earnings multiple***	7.3	6.5 *	
Other data***			
Total Assets	\$77,519,000	\$53,356,000	45
Estates, trusts and agencies under administration	6,193,000	—	
Number of shares outstanding:			
Class A	561,455	533,946	5
Common	174,400	174,400	—
Number of Class A shareholders	818	764	7

\* before extraordinary item

\*\* based on weighted average number of shares outstanding during the year

\*\*\* at December 31, 1973

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## REALTY CAPITAL CORP. LIMITED

### DIRECTORS:

David S. Ades, B.Sc., A.M.C.T.

*President,*

Realty Capital Corp. Limited

Federal Trust & Savings Company

County Savings and Loan Corporation

Jeanne Ades

Ralph E. Ades,

*Chairman of the Board*

Leonard E. Barlow,

*Senior Vice-President,*

McLeod, Young, Weir & Company Limited, Toronto

Roger I. Coe, C.A.

*Vice-President & Treasurer,*

Realty Capital Corp. Limited

Federal Trust & Savings Company

County Savings and Loan Corporation

William G. Durst, F.R.I.

*Vice-President,*

Harvey Keith Real Estate Limited, Toronto

Pierre Genest, Q.C.

*Partner,*

Cassels, Brock, Toronto

Peter Mackenzie,

*Vice-President,*

Cadillac Explorations Limited, Calgary

Gerald Rose, S.R.A.

*Executive Vice-President & Secretary,*

Realty Capital Corp. Limited

Federal Trust & Savings Company

County Savings and Loan Corporation

Robert E. Smith,

*Partner,*

Guggenheimer & Untermyer, New York

Wilfred J. Wilson,

*Senior Vice-President,*

Teachers' Insurance and Annuity Association of America

and College Retirement Equities Fund, New York

### OFFICERS:

Ralph E. Ades, *Chairman*

\*David S. Ades, B.Sc., A.M.C.T., *President*

\*Gerald Rose, S.R.A., *Executive Vice-President & Secretary*

\*Roger I. Coe, C.A., *Vice-President & Treasurer*

\*Consiglio Di Nino, *Vice-President*

\*Peter R. Simpson, *Assistant Vice-President & Mortgage Manager*

Edward J. Badida, C.A., *Comptroller*

\*Members of Executive Committee

### AUDITORS:

Clarkson, Gordon & Co.,

*Chartered Accountants, Toronto*

### TRUSTEES AND TRANSFER AGENT:

Common Shares, Secured Certificates and Unsecured Debentures

Guaranty Trust Company of Canada, Toronto

Class A Shares, Subordinated Debentures, Series C and F Warrants

Montreal Trust Company, Toronto

### BANKERS:

Royal Bank of Canada

Canadian Imperial Bank of Commerce

Mercantile Bank of Canada

Chemical Bank, New York

Banco di Santo Spirito, Rome

### LEGAL COUNSEL:

Cassels, Brock

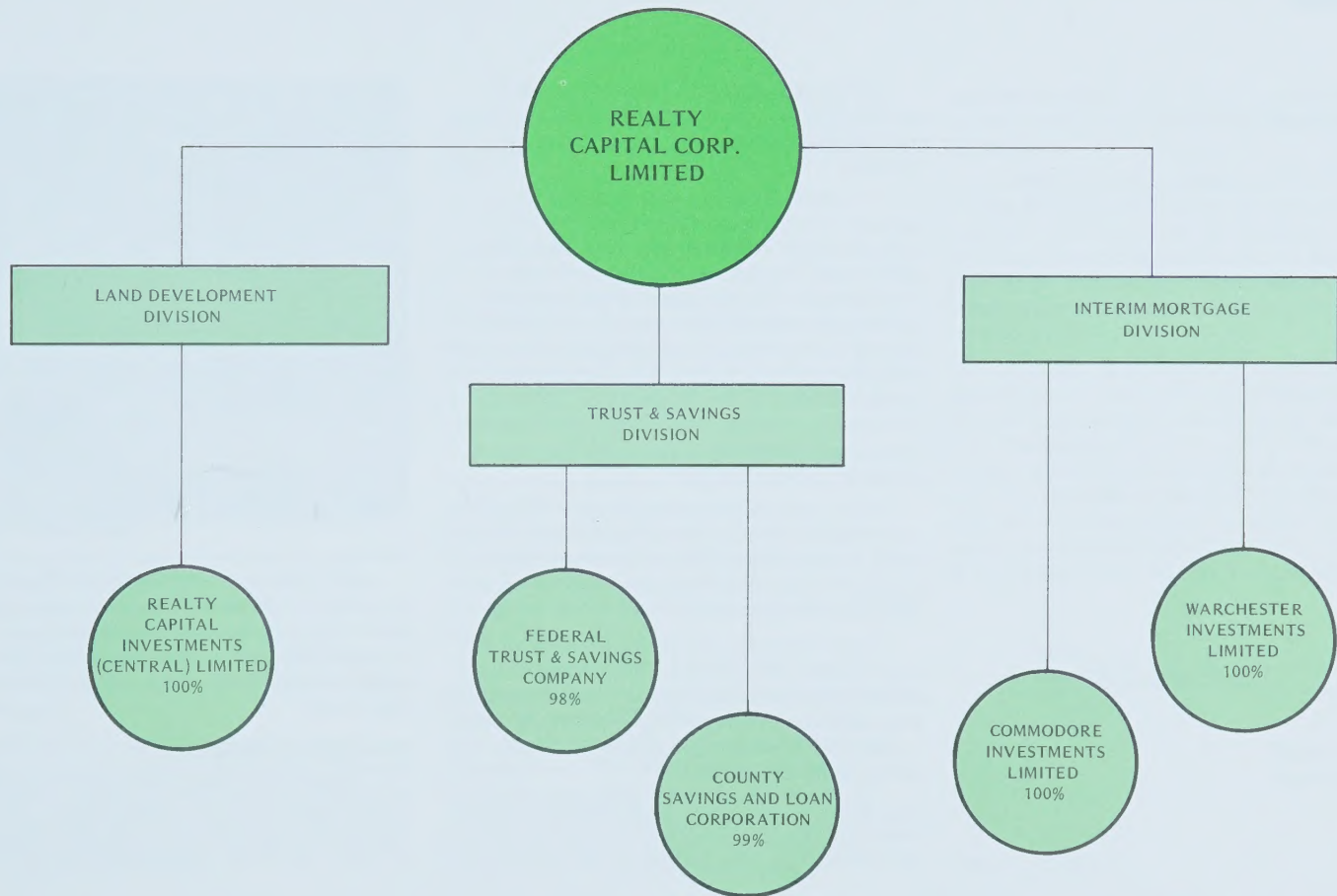
*Barristers & Solicitors, Toronto*

### STOCK EXCHANGE LISTING:

Toronto Stock Exchange

Class A Shares and

Series C and F Warrants







## REPORT OF THE PRESIDENT

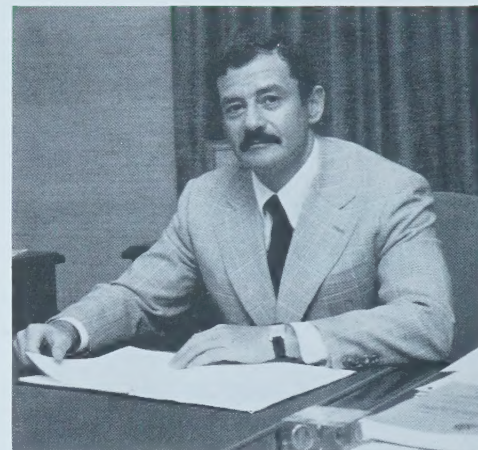
Realty Capital Corp. Limited recorded another year of progress in 1973, with the major growth taking place in the Trust & Savings Division.

In this division two new branches were opened, bringing the total to eight; the latest branch, opened in Brampton, is the first outside of Toronto. Two new real estate sales offices were opened. The Mortgage Banking and Securities departments were expanded to accommodate the company's increasing investor client portfolio and to manage the two new pooled funds, launched at the beginning of 1974. Management intends to put continued emphasis in servicing its investor clients with the view to attracting a larger clientele.

The Land Development Division did not contribute to earnings to the same extent as in 1972. Present indications are, however, that earnings in the Land Development Division will rise substantially in 1974.

High interest rates paid by the Trust & Savings Division on its demand funds and increases in administrative costs, together with expenses of new departments where income returns will not be immediate, were added factors adversely affecting 1973 income.

Income from the Interim Mortgage Division improved over the 1972 level and further gains are expected for this division in the current year.



*David S. Ades, President*

The accompanying Report on Operations breaks down the income and income per share derived by your company from its three divisions. This will enable shareholders to more easily analyse results of the company's separate operations.

## FINANCIAL RESULTS

Total income increased 27% to \$6,095,000 from \$4,801,000 in the previous year. Net earnings at \$391,000 are down 39% from \$642,000 in 1972. The 1972 results include an extra-



ordinary gain of \$45,000 arising from a tax loss carry forward.

Based on a weighted average of 715,064 Class "A" and common shares outstanding, net earnings in 1973 were equivalent to 55¢ per share (45¢ fully diluted). Net earnings per share in 1972 were 94¢ or \$1.02 after the extraordinary item.

In July of 1973 the company concluded a successful underwriting of Series "A" Sinking Fund Debentures, together with Series "F" Warrants. This provided funds for the continuing expansion of the company's operations, more especially the Trust & Savings Division. At the same time, structural changes were carried out so that in the future each division can be more autonomous in its lending and borrowings.

Total assets of the corporation at year-end were \$77,519,000, up 45% from 1972. Shareholders equity increased 9%, to \$3,751,000. Other assets under administration grew to \$6,193,000. Total expenses during 1973 were \$5,397,000 compared with \$3,697,000 in the previous year.

During 1973 your company became, I believe, the first financial institution in Canada to establish a deferred profit sharing plan for its employees. Both employees and management have welcomed this addition to the company's range of employment benefits.

In 1973 dividends were increased to 30¢ per Class "A" and common share. It is anticipated that the same dividend will be paid during 1974.

### OUTLOOK, GENERAL

Realty Capital has now been in operation for 12 eventful years. From a modest beginning in 1962 when assets were \$451,000, they rose to \$3,258,000 by the end of 1968, then progressively higher until total assets at the end of the past year were \$77,519,000. I am very hopeful the company will reach the \$100 million milestone by the end of 1974.

During the latter part of 1974, I expect there will be a moderate decline in interest rates which will have a beneficial effect on our earnings. Management, however intends to match more closely the term of its investments to that of its borrowings, thus making the company less susceptible in the future to variations in interest rates.

Through the year we will continue the orderly expansion of our existing services in the Trust and Savings Division. This will involve more savings branches, real estate sales offices, enlargement of the Mortgage Banking and Consumer Loan departments and the overall expansion of the present range of services to the company's investor clients. It is management's intention to control the growth within

well-defined limits and costs, emphasizing growth in those areas where more immediate returns are apparent.

I anticipate the earnings from the Trust and Savings Division will continue to improve. This together with the substantial rise in earnings of the Land Development Division and further gains in the Interim Mortgage Division, will provide a healthy improvement in gross and net earnings in 1974.

On behalf of all directors, I wish to extend appreciation to the employees of the corporation for their conscientious efforts in the past year. These efforts have and will continue to be a large contribution to the growth of the company. We also wish to thank all the shareholders, both old and new, for their continued support and to encourage them to continue to make use of the corporation's various financial services.



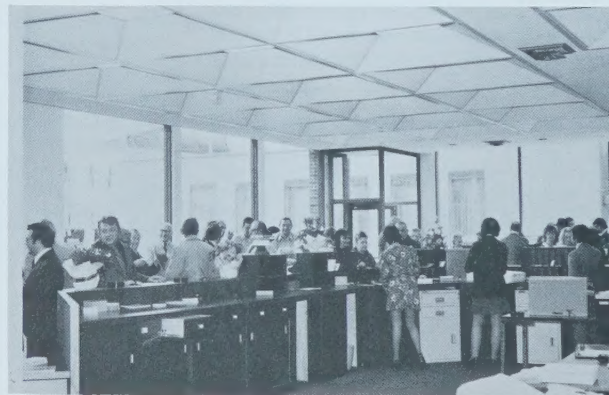
David S. Ades,  
President.

April 1, 1974

*New Federal Trust branch at College St. and Augusta is opened with the ceremonial ribbon-cutting. Guest of President David S. Ades, in photo below, were Aldermen Joseph J. Piccininni and Wm. Archer cutting the ribbon. Right, a view of the light and spacious counter area.*



*Another new Federal Trust office opened in 1973 is located in downtown Brampton. In the photo at left the ribbon is cut by Brampton Mayor James Archdekin. The photo at right is taken from behind the counter of the Brampton branch.*

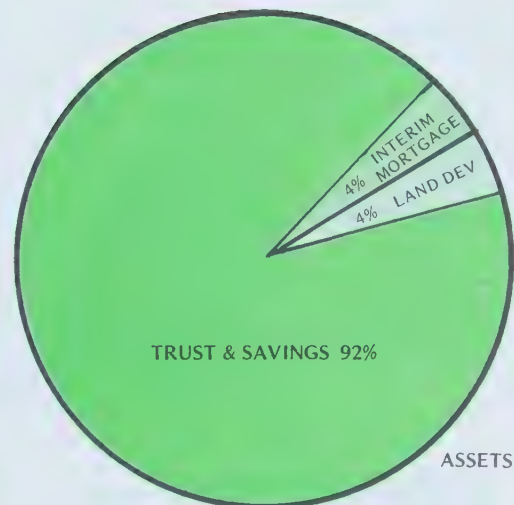
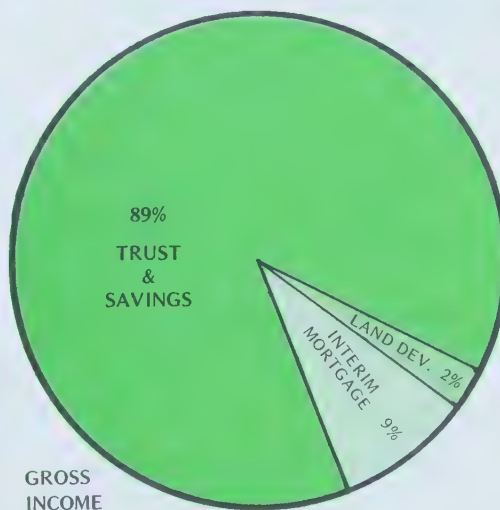




## REPORT ON OPERATIONS

### Trust & Savings Division

The Trust & Savings Division continued to show strong growth and be the source of the bulk of the company's income. The operating income increased marginally over that of 1972. The contribution to the company earnings per share from this division was 47¢ out of total company earnings of 55¢. The emphasis in this division has been to increase the proportion of the mortgage portfolio to the total assets. The mortgage portfolio now constitutes 81% of total assets, compared to 72% at the end of 1972.



Guaranteed Investment Certificates and Debentures now constitute 66% of total deposits, as compared to 57% in 1972.

The Company's policy is to match more closely the lending term to the borrowing term. In this regard, it is intended to increase the consumer and other shorter term lending to more closely correspond to shorter term borrowings. The effect will be to make this division much less susceptible to changing interest rates.

The division expanded its range of customer services during 1973 the results of which will be more apparent during 1974. Further expansion will be undertaken in 1974 in this





area, more especially in the mortgage banking field, real estate sales and pooled funds.

Further details of the operations of this division are provided on page 20 of this Annual Report.

### Land Development Division

Comparatively lower results in the Land Development Division in 1973 was a contributing factor to the decline in the company's overall earnings. Earnings from land development tend to be of a cyclical nature, however, a most

valuable asset for the company is the increasing worth of the division's land holdings, a feature more important than the immediate income derived from operations.

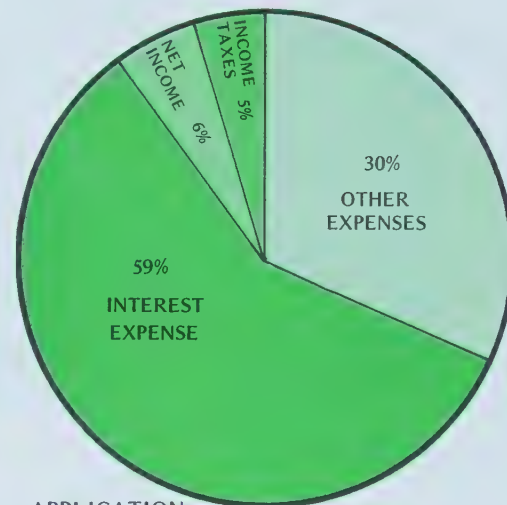
Efforts are being carried forward in order to improve and develop land holdings on a more regular basis. This cannot always be done, however, and still produce the best results. In 1974 a parcel of land in Oakville has already been sold at a gross profit of approximately \$770,000. Of this total, \$533,000 will be taken into immediate income with the balance being amortized over the life of the mortgage taken back in order to reflect the difference between prevailing mortgage rates and those extended under the land sale agreement. Profits on this land sale together with mortgage interest will therefore contribute to the company's earnings in future years. This sale closed in March of 1974.

Further land purchases were made during 1973 and early 1974. Earnings from these acquisitions, located in Newmarket and Welland, are expected to come on stream within three years.

Gross income in this division was \$121,000, compared with \$459,000 in 1972. Net loss was \$17,000, or 2¢ per share.

### Interim Mortgage Division

Gross Income from the Interim Mortgage Division, which is involved in the allied fields of

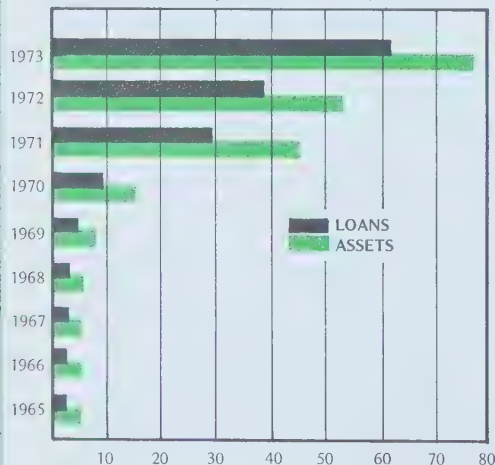


APPLICATION OF GROSS INCOME

interim, bridge and secondary mortgage financing, increased to \$542,000 in 1973 from \$449,000 last year. Net income was \$75,000 or 10¢ per share.

This division continued to improve, with increased fee income and modest growth in the total portfolio. The emphasis of activity continues to be on construction loans, provided in conjunction with the conventional mortgage lending extended by the Trust & Savings Division. It is expected that the division's performance will further improve during 1974.

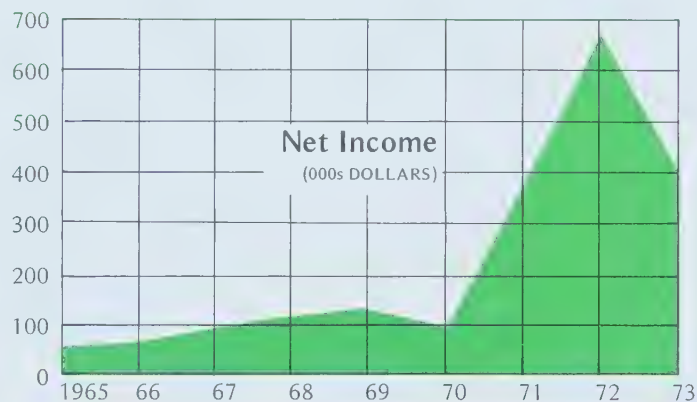
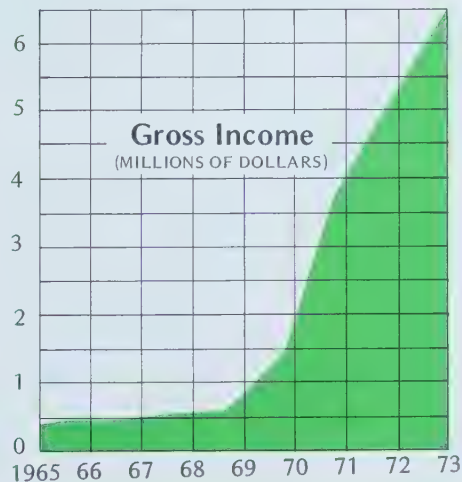
ASSETS & LOANS (Millions of Dollars)



### Management Appointments

Early in 1974 the appointments of Gerald Rose as executive vice-president of the company and Peter R. Simpson as assistant vice-president, mortgages, were announced. Each will take on further responsibilities in the company. Gordon M. Parr was appointed head of the internal audit department.

Other senior appointments included Edward J. Badida as comptroller of the company, Morris Singer as head of real estate sales, Douglas J. Duncan as head of branch operations and services, Aldo Principe as head of marketing and promotion.



### Division Net Earnings

Following is a breakdown of net earnings from each division, total and per share:

Division	Net Earnings (Loss)	Per Share
Trust and Savings	\$333,000	\$0.47
Interim Mortgage	75,000	0.10
Land Development	(17,000)	(0.02)
	<u>\$391,000</u>	<u>\$0.55</u>



REALTY CAPITAL CORP. LIMITED  
(Incorporated under the laws of Ontario)

CONSOLIDATED  
BALANCE SHEET

ASSETS

	December 31	
	1973	1972
Mortgages receivable - Note 2	\$60,645,000	\$36,842,000
Securities - Note 3	7,299,000	7,279,000
Cash and bank deposit receipts	3,062,000	2,905,000
Real estate held for development and/or sale - Note 4	2,688,000	5,631,000
Consumer and demand loans	1,241,000	945,000
Premises and equipment - Note 5	1,345,000	1,327,000
Investment in and advances to joint ventures - Note 6	213,000	186,000
Other	\$24,000	197,000
Unamortized financing expenses - Note 8	202,000	44,000
	<u>\$77,519,000</u>	<u>\$66,067,000</u>

See notes to consolidated financial statements.



## LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31	
	1973	1972
Guaranteed investment certificates, certificates and deposits - Note 7	\$63,838,000	\$42,727,000
Long term debt - Note 8	4,566,000	1,811,000
Bank loans - Note 9	2,559,000	2,115,000
Mortgages payable - Note 10	1,352,000	2,095,000
Other	855,000	775,000
Deferred income taxes	598,000	362,000
Excess of net book value of shares of a subsidiary over cost - Note 1	—	16,000
	<u>73,768,000</u>	<u>49,899,000</u>
Shareholders' equity:		
Capital stock - Note 11	2,519,000	2,401,000
Contributed surplus	8,000	8,000
Retained earnings	1,224,000	1,048,000
	<u>3,751,000</u>	<u>3,457,000</u>
	<u>\$77,519,000</u>	<u>\$53,356,000</u>

On behalf of the Board:

David S. Aoes, Director

Gerald Rose, Director

## AUDITORS' REPORT

To the Shareholders of  
Realty Capital Corp. Limited.

We have examined the consolidated balance sheet of Realty Capital Corp. Limited and its subsidiary companies as at December 31, 1973 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the consolidated financial position of the companies as at December 31, 1973 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
March 21, 1974

CLARKSON, GORDON & CO.  
Chartered Accountants



## CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

### EARNINGS

#### Income:

	1973	1972
Mortgages - Note 2	\$4,560,000	\$3,388,000
Securities - Note 3	697,000	721,000
Mortgage and real estate sales	173,000	337,000
Commissions and fees	469,000	132,000
Joint ventures - Note 6	23,000	121,000
Other	173,000	102,000
	<u>6,095,000</u>	<u>4,801,000</u>

#### Expenses:

Interest on —		
Guaranteed investment certificates, debentures and deposits	3,236,000	2,211,000
Long term debt	225,000	138,000
Bank loans and other debt	113,000	102,000
	<u>3,574,000</u>	<u>2,451,000</u>
Salaries, fees and staff benefits	1,026,000	655,000
Premises	166,000	148,000
Other operating	631,000	443,000
	<u>5,397,000</u>	<u>3,697,000</u>

Earnings before income taxes and extraordinary item	698,000	1,104,000
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#### Income taxes:

Current	71,000	348,000
Deferred	236,000	159,000
	<u>307,000</u>	<u>507,000</u>

Earnings before extraordinary item	391,000	597,000
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Reduction in income taxes of a subsidiary due to losses carried forward from prior years	—	45,000
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Earnings for the year - Note 12	<u>\$ 391,000</u>	<u>\$ 642,000</u>
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### RETAINED EARNINGS

Balance at beginning of year	\$1,048,000	\$ 536,000
Earnings for the year	391,000	642,000
	<u>1,439,000</u>	<u>1,178,000</u>

#### Dividends —

Class A shares	163,000	95,000
Common shares	52,000	35,000
	<u>215,000</u>	<u>130,000</u>

Balance at end of year	<u>\$1,224,000</u>	<u>\$1,048,000</u>
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See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES  
IN FINANCIAL POSITION

	Year ended December 31	
	1973	1972
Sources:		
Earnings for the year*	\$ 719,000	\$ 855,000
Increase in guaranteed investment certificates, debentures and deposits	21,111,000	8,229,000
Increase (decrease) in long term debt	2,755,000	(194,000)
Decrease (increase) in real estate held for development and/or sale, and investment in joint ventures	916,000	(44,000)
Increase (decrease) in bank loans	444,000	(120,000)
Issue of additional share capital	118,000	872,000
	<u>\$26,063,000</u>	<u>\$ 9,598,000</u>
Dispositions:		
Increase in mortgages receivable	\$23,803,000	\$ 8,262,000
Decrease in mortgages payable	741,000	114,000
Dividends	215,000	130,000
Increase in consumer and demand loans	296,000	743,000
Increase (decrease) in cash, bank deposit receipts and securities	177,000	(154,000)
Increase in premises and equipment	85,000	266,000
Net other dispositions	746,000	237,000
	<u>\$26,063,000</u>	<u>\$ 9,598,000</u>

\*After adding back depreciation, amortization of financing expenses, deferred income taxes and minority interest (1973 - \$328,000; 1972 - \$213,000).





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1973

### 1. PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet includes the accounts of Realty Capital Corp. Limited and all of its subsidiary companies as listed below:

Company	Ownership	
	1973	1972
Warchester Investments Limited	100%	100%
Commodore Investments Limited	100%	100%
Edenhurst Developments Limited	100%	100%
Realty Capital Investments (Central) Limited	100%	100%
County Savings and Loan Corporation*	99%	99%
Federal Savings and Loan Corporation*	—	99%
Federal Trust & Savings Company (included in 1972, from date of incorporation)	98%	98%

\* These corporations were amalgamated effective December 31, 1972 under the name of County Savings and Loan Corporation.

The consolidated statement of earnings includes the earnings of the above subsidiaries from their respective dates of acquisition. All such acquisitions were accounted for using the purchase method of accounting. The minority interests, which are not material, have been included with other liabilities on the balance sheet and other operating expenses on the statement of earnings.

Goodwill of \$16,000 representing the excess of cost over book value on acquisition of shares of County Savings and Loan Corporation during the year has been offset against the amount of \$16,000, which represented the unamortized excess of net book value over cost on previous acquisitions.

The differences between fair value (cost) and related book values of assets acquired and liabilities assumed on previous acquisitions are being amortized by annual credits or charges to earnings. The net amounts credited to earnings were \$15,000 in 1973 and \$45,000 in 1972.

### 2. MORTGAGES

Mortgages are stated at their outstanding principal amount, plus accrued interest and less unamortized discounts and place-

ment fees. Discounts and placement fees are amortized on a straight-line basis over the terms of the mortgages, except for discounts and placement fees relating to mortgages of the former Federal Savings and Loan Corporation which are amortized using the sum-of-the-digits method.

### 3. SECURITIES

Bonds are stated at amortized cost plus accrued interest and stocks at cost less amounts written off. Securities held are comprised of the following:

	1973		1972	
	Cost	Market	Cost	Market
	(000 omitted)			
Government of Canada and provincial bonds	\$4,528	\$4,099	\$5,008	\$4,801
Municipal and corporate bonds	1,333	1,266	1,542	1,544
Common and preference shares	1,438	1,255	729	689
	<u>\$7,299</u>	<u>\$6,620</u>	<u>\$7,279</u>	<u>\$7,034</u>

The government bonds represent the securities held by the company's subsidiaries, County Savings and Loan Corporation and Federal Trust & Savings Company, in accordance with certain requirements under the Loan and Trust Corporations Act.

Included in income from securities are losses of \$19,000 in 1973 and gains of \$49,000 in 1972.

### 4. REAL ESTATE HELD FOR DEVELOPMENT AND/OR SALE

Real estate includes interests in several parcels of land. These properties are valued at cost plus maintenance, carrying and development costs to date. In the opinion of management the aggregate market value of this real estate is in excess of the amount at which such real estate is carried in the accounts.

## 5. PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and are comprised of the following:

	1973	1972
	<i>(000 omitted)</i>	
Buildings	\$ 583	\$ 584
Furniture and equipment	331	258
	914	842
Less accumulated depreciation	292	241
	622	601
Land	723	726
	<u>\$1,345</u>	<u>\$1,327</u>

Depreciation charged against operations amounted to \$67,000 in 1973 and \$39,000 in 1972.

## 6. JOINT VENTURES

The company has a 25% interest in a limited partnership which owns a mortgage received as partial consideration for the sale of its land holdings. During the year a 49% interest in a land holding company was acquired. Both investments are carried in the company's accounts at cost plus its share of undistributed profits.

## 7. GUARANTEED INVESTMENT CERTIFICATES, DEBENTURES AND DEPOSITS

Guaranteed investment certificates, debentures and deposits including accrued interest consist of the following:

	1973	1972
	<i>(000 omitted)</i>	
Due within one to five years —		
Guaranteed investment certificates		
and debentures	\$42,300	\$24,169
Term deposits	1,460	111
Demand deposits	20,078	18,447
	<u>\$63,838</u>	<u>\$42,727</u>

## 8. LONG TERM DEBT

Details of the long term debt are as follows:

	1973	1972
	<i>(000 omitted)</i>	
Realty Capital Corp. Limited —		
Secured certificates (a):		
7% - 8% Series 1	\$ —	\$ 22
6 3/4% Series 2, due September 23, 1974	—	500
7% Series 5	—	373
8% Series 6	—	499
Unsecured debt:		
9 1/4% sinking fund debentures, Series A, due July 3, 1992 (b)	3,500	—
6 3/4% subordinated convertible debentures, Series A, due December 1, 1974 (d)	277	295
8% subordinated convertible debentures, Series B, converted into Class A shares in 1973	—	100
Warchester Investments Limited —		
Secured certificates (a):		
8% Series 1, \$308,000 (U.S.) principal amount due January 31, 1981, payable \$38,000 (U.S.) annually (c)	331	—
9% Series 2, \$424,000 (U.S.) principal amount due June 25, 1984, payable \$38,000 (U.S.) annually (c)	458	—
Loans secured by assignment of mortgages	—	22
	<u>\$4,566</u>	<u>\$1,811</u>
Principal repayments are called for as follows:		
1974	\$ 359	
1975	82	
1976	247	
1977	247	
1978	247	
Subsequent to 1978	3,384	
	<u>\$4,566</u>	

(a) The secured certificates Series 3, 5 and 6 of Realty Capital Corp. Limited were assumed by Warchester Investments Limited during the year by issuing to the holders thereof its own secured certificates Series 3, 1 and 2 respectively which were guaranteed by Realty Capital Corp. Limited. The latter secured certificates were issued under a Trust Indenture dated as of May 15, 1973 with substantially the same terms as the previous Trust Indenture of Realty Capital Corp. Limited. This Trust Indenture requires, among other things, that the company will maintain on deposit with the Trustee acceptable collateral (as defined) of the total value of at least 120% of the aggregate principal amount of all outstanding secured certificates issued thereunder. The Indenture also contains restrictions as to the total amount of secured and subordinated debt that the company may issue from time to time.

(b) The Trust Indenture securing the sinking fund debentures Series A contains, among other things, restrictions as to the issuing of additional debentures and of other secured debt and on paying dividends. The company has covenanted by way of a mandatory sinking fund, sums sufficient to retire \$165,000 principal amount of debt on or before July 3 in each of the years 1976 to 1992 inclusive.

(c) Long term debt sold in United States funds has been translated at the exchange rate prevailing at the date of issue of the debt. If the debt had been translated at the prevailing exchange rate at December 31, 1973, the liability would be reduced by approximately \$57,000. As debt repayments cover a considerable number of years during which the exchange rates could fluctuate the debt has not been translated at current exchange rates.

(d) The subordinated debentures Series A are convertible into 1 Class A share for every \$4.73 in principal amount thereof up to November 27, 1974.

Unamortized financing expenses are being written off to earnings over the terms of the related debt. Amortization of these financing expenses amounted to \$22,000 in 1973 and \$11,000 in 1972.



## NOTES (continued)

### 9. BANK LOANS

Details of bank loans as at December 31, 1973 are as follows:

Warchester Investments Limited —	
Secured by Series 3 certificates.	
See note 8(a) for details of the	
Trust Indenture securing the series.	\$1,395,000
Realty Capital Investments (Central) Limited	164,000
County Savings and Loan Corporation —	
Secured by pledges of certain securities	<u>1,000,000</u>
	<u>\$2,559,000</u>

All loans are payable on demand and bear interest at a rate which fluctuates with the lenders' prime commercial rate.

### 10. MORTGAGES PAYABLE

The mortgages payable are secured by specific charges on real estate held for development and/or sale and the company's branch premises. They bear interest at rates between 7% and 10% and call for principal repayments as follows:

1974	\$ 327,000
1975	188,000
1976	30,000
1977	185,000
1978	270,000
Subsequent to 1978	352,000
	<u>\$1,352,000</u>

### 11. SHARE CAPITAL

(a) Details of authorized and issued capital:

Authorized —	
1,000,000 cumulative (20¢) non-voting participating	
Class A shares without par value	
360,000 common shares without par value	

	1973	1972
	(000 omitted)	
Issued —		
561,455 Class A shares (1972 - 533,946		
Class A shares)	\$2,185	\$2,067
174,400 common shares	334	334
	<u>\$2,519</u>	<u>\$2,401</u>

(b) During 1973, 27,509 Class A shares were issued for a total consideration of \$118,000 as follows:

Conversion of \$18,000 Series A 6 3/4%	
subordinated debentures plus \$37 cash	3,812 shares
Conversion of \$100,000 Series B	
subordinated debentures	<u>23,697 shares</u>
	<u>27,509 shares</u>

(c) At December 31, 1973 share warrants were outstanding which entitled the holders to acquire one Class A share for each warrant held as follows:

	Exercisable to	Exercise price	Class A shares reserved for exercise
Series A	October 1, 1974	\$4.73	30,000
Series C	February 15, 1979	5.00	155,000
Series D	February 1, 1976	4.00	10,000
Series F	{ July 3, 1978	6.25 }	175,000
	{ July 3, 1983	7.75 }	
			<u>370,000</u>

(d) At December 31, 1973 the company's authorized but unused Class A shares were reserved to the following extent —

For issue under share purchase warrants presently outstanding (see (c) above)	370,000 shares
For issue under conversion privileges attached to the 6 3/4% subordinated debentures (see note 8(d) above)	
	<u>58,562 shares</u>
	<u>428,562 shares</u>

### 12. EARNINGS PER SHARE

Earnings per share are based on the weighted average number of shares outstanding during each year.

	Applicable to outstanding shares		Fully diluted
	1973	1972	1973
Earnings before extraordinary item:			
Class A	\$0.55	\$0.94	\$0.45
Common	0.55	0.94	0.45
Earnings for the year:			
Class A	0.55	1.02	0.45
Common	0.55	1.02	0.45

Fully diluted earnings per share reflect the effect which would result if all share warrants with dilutive effects outstanding at the end of the period and all subordinated convertible debentures had been exercised or converted at the beginning of the period. For the purpose of these calculations earnings of \$85,000 have been imputed at an after tax rate of 5%.

### 13. OTHER

(a) At December 31, 1973, the company had mortgage commitments totalling approximately \$4,500,000.

(b) The company is contingently liable in the amount of \$117,000 for the portion of a mortgage assumed by a joint participant in real estate held for development and/or sale.

(c) The aggregate remuneration paid or accrued by the company and its subsidiaries to directors and senior officers (as defined by The Business Corporation Act, Ontario) amounted to \$241,000 in 1973 and \$246,000 in 1972.

(d) Included in other assets at December 31, 1973 are amounts due from directors and officers aggregating \$58,000 (the maximum amounts outstanding during the year were \$97,000).

(e) For comparative purposes certain 1972 accounts have been reclassified to conform with classifications adopted in 1973.





*Officers of Federal Trust departments are shown in these photos. At left, two officers shown are P. Morgan McCague, left, securities department manager, and Douglas J. Duncan, manager, branch operations and services. Photo above, left to right, has: Wm. R. Ryan, assistant mortgage manager; Peter J. Earle, manager, mortgage banking; Peter Nygard, assistant mortgage manager; Peter R. Simpson, mortgage manager.*



## FEDERAL TRUST/COUNTY SAVINGS AND LOAN CORPORATION

### DIRECTORS:

David S. Ades, *B.Sc., A.M.C.T.*  
*President,*  
Realty Capital Corp. Limited  
Federal Trust & Savings Company  
County Savings and Loan Corporation

Roger I. Coe, *C.A.*  
*Vice-President & Treasurer,*  
Realty Capital Corp. Limited  
Federal Trust & Savings Company  
County Savings and Loan Corporation

Consiglio Di Nino,  
*Vice-President,*  
Realty Capital Corp. Limited  
Federal Trust & Savings Company  
County Savings and Loan Corporation

Donald C. Early,  
Greenshields Incorporated, Toronto

Seymour Friedland, *Ph.D.*  
Professor of Economics,  
York University

Pierre Genest, *Q.C.*  
*Partner,*  
Cassels, Brock, Toronto

Ralph S. McCreath, *Q.C.*  
*Partner,*  
Day, Wilson, Campbell, Toronto

Alderman Joseph J. Piccininni,  
*Alderman,*  
City of Toronto

Gerald Rose, *S.R.A.*  
*Executive Vice-President & Secretary,*  
Realty Capital Corp. Limited  
Federal Trust & Savings Company  
County Savings and Loan Corporation

### OFFICERS:

\*David S. Ades, *B.Sc., A.M.C.T.,*  
*President and General Manager*

\*Gerald Rose, *S.R.A.,*  
*Executive Vice-President & Secretary*

\*Roger I. Coe, *C.A.,*  
*Vice-President & Treasurer*

\*Consiglio Di Nino,  
*Vice-President & Assistant General Manager*

\*Peter R. Simpson,  
*Assistant Vice-President & Mortgage Manager*  
Edward J. Badida, *C.A.,*  
*Comptroller*

\*Members of Executive Committee

### AUDITORS:

Clarkson, Gordon & Co.,  
*Chartered Accountants, Toronto*

### TRANSFER AGENT:

National Trust Company, Limited, Toronto  
for County Savings and Loan Corporation

### BANKERS:

Royal Bank of Canada  
Canadian Imperial Bank of Commerce  
Mercantile Bank of Canada  
Chemical Bank, New York  
Banco di Santo Spirito, Rome

### LEGAL COUNSEL:

Cassels, Brock,  
*Barristers & Solicitors, Toronto*

### DEPARTMENT MANAGERS:

Edward J. Badida, *C.A., Accounting & Data Processing*  
Douglas J. Duncan, *Branch Operations & Services*  
Peter J. Earle, *Mortgage Banking*  
Michelle Maiola, *G.I.C.'s*  
P. Morgan McCague, *Securities*  
Gordon M. Parr, *Internal Audit*  
Aldo Principe, *Marketing & Promotion*  
Peter R. Simpson, *Mortgages*  
Morris Singer, *Real Estate Sales*

### MANAGERS:

Savings Branches  
John C. Merritt, 141 Yonge Street  
Sarantis (Sam) Castrinos, 605 Danforth Avenue  
Giuseppe Totino, 950 St. Clair Avenue West  
Frank B. De Profio, 1850 Eglinton Avenue West  
Agostino Simonetta, 1224 St. Clair Avenue West  
Giuseppe Ianni, 2070 Danforth Avenue  
Sergio de Pina, 343 College Street  
Wilfred W. Kelly, 9 Queen Street East, Brampton

### Real Estate Sales Branches

Frances L. Conant,  
1355 Kingston Road West, Pickering  
Egon Lechner, International Sales,  
74 Victoria Street, Suite 913

## CONSOLIDATED NINE - YEAR SUMMARY †

(in thousands of dollars except per share figures)

	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>
Balance Sheet:									
Total Assets	\$70,693	\$46,524	\$37,734	\$32,995	\$26,099	\$18,580	\$12,499	\$9,133	\$5,744
Deposits	63,817	42,677	34,413	29,764	23,669	16,488	10,598	7,216	3,430
Shareholders' Equity	4,685	2,865	2,521	2,195	1,945	1,870	1,814	1,838	1,917
Estates, Trust and Agencies under Administration	6,193	—	—	—	—	—	—	—	—
Earnings:									
Total Income	5,404	3,847	3,343	2,881	1,801	1,289	809	543	283
Net Operating Income (Loss)	293	266	152	38	38	33	(19)	(142)	(228)
Net Income (Loss) for the year	320	345	338	52	75	55	2	(142)	(228)
Per share: *									
Net Operating Income (Loss)	0.49	0.59	0.34	0.09	0.09	0.08	(0.05)	(0.35)	(0.56)
Net Income (Loss) for the year	0.54	0.77	0.76	0.12	0.18	0.14	NIL	(0.35)	(0.56)

†County Savings and Loan Corporation and Federal Savings and Loan Corporation were amalgamated in 1972. The above table reflects the position as it would have been if the corporations had been amalgamated for the full nine year period.

\*Based on weighted average number of shares outstanding during the year.



## FEDERAL TRUST/COUNTY SAVINGS AND LOAN CORPORATION

### REPORT ON OPERATIONS

The year 1973 was a most exceptional period for Federal Trust & Savings Company and County Savings and Loan Corporation. Assets increased to \$70,693,000 at year-end from \$46,524,000 in 1972, a growth of 52%. A major part of this increase was invested in the mortgage portfolio which grew to \$57,410,000 from \$33,689,000.

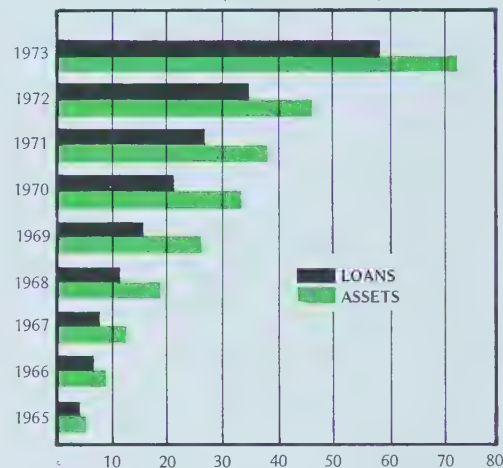
Total income rose 40% to \$5,404,000 from \$3,847,000. Historically high interest costs on demand deposits and higher cost of administration due primarily to new departments being set up, resulted in net operating income gaining only slightly in 1973, to \$293,000 from \$266,000 a year ago.

Net income after extraordinary items was \$320,000 for the current year, compared to \$345,000 in 1972. The 1972 results include an extraordinary item of \$45,000.

#### Mortgages

Mortgage lending continues to be the primary area of business. Mortgages now make up 81% of the Trust & Savings Division assets and generate 77% of the total income. The Mortgage Banking Department was expanded during the year and proved to be very successful, the results of which will be more apparent in

ASSETS & LOANS (Millions of Dollars)



1974 and 1975 as more of the mortgages placed will come under administration.

At the end of the year the company had other assets under administration of \$6,193,000. This should increase significantly in 1974.

#### Securities

Growth of the Securities Department continues to be steady. Two new pooled funds (Mortgage and Bond Fund and Investment

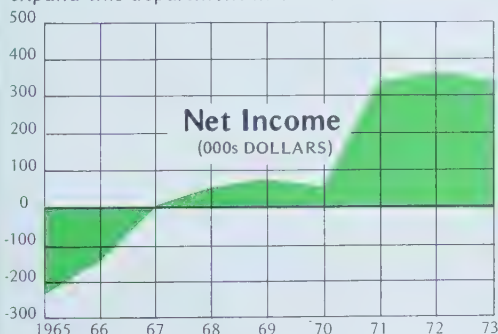


Fund) were added in the early part of 1974. These funds are being offered in addition to the existing Guaranteed Investment Certificates (G.I.C.) Plan as investments for Registered Retirement Savings Plans and should also be attractive investments for individuals, smaller pension funds, profit-sharing plans and credit unions.

The Mortgage and Bond Fund will be primarily invested in N.H.A. mortgages and will provide a means of an indirect participation in mortgage investments.

#### Consumer Loans

This area showed a slight increase during the year with assets of \$1,241,000 as compared to \$945,000 in 1972. Management intends to expand this department in 1974.



#### Real Estate Sales

Two branches for real estate sales were opened in 1973, one in Pickering and the other in downtown Toronto. These branches have already shown gratifying progress and should produce increased profits as the year advances. It is intended to open more offices during the current year.

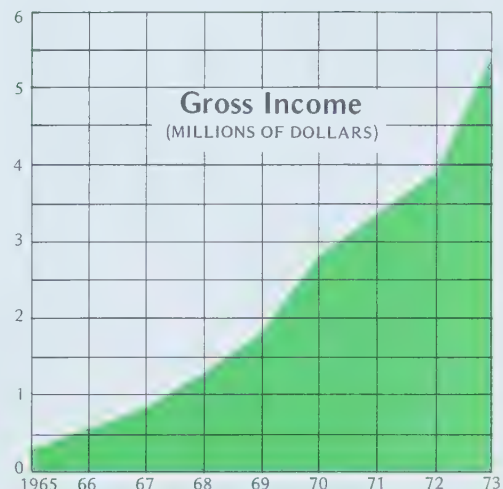
#### Branches

Two new Federal Trust branches were opened during the year, one at College and Augusta in downtown Toronto and the other in the Town of Brampton. Both have been highly successful. Other branches are planned for 1974, including possible expansion into the Province of Quebec.

#### R.R.S.P.

The sale of R.R.S.P.s (Registered Retirement Savings Plans) was in accordance to expectations, with the emphasis being on the G.I.C. Plan. These sales do not produce immediate income but will provide a steady fee income on the administration of funds over the years ahead.

The company now offers four alternatives to the R.R.S.P. investor: the Mortgage and Bond Fund, the Investment Fund, the Guaranteed



Investment Certificates Plan and the Individual's Self-Administered Plan.

#### General

Outlook for the current year is one of controlled growth. Interest rates should reduce slightly later in the year which will have a beneficial effect on the earnings of the company.



COUNTY SAVINGS AND LOAN CORPORATION  
and its subsidiary  
FEDERAL TRUST & SAVINGS COMPANY

CONSOLIDATED  
BALANCE SHEET

ASSETS

	December 31	
	<u>1973</u>	<u>1972</u>
Cash and bank deposit receipts	\$ 3,062,000	\$ 3,311,000
Securities — Note 3:		
Bonds	5,962,000	6,655,000
Stocks	<u>1,438,000</u>	<u>734,000</u>
	7,400,000	7,389,000
Loans:		
Consumer and demand	1,241,000	945,000
Mortgages — Note 4	<u>57,410,000</u>	<u>33,689,000</u>
	58,651,000	34,634,000
Other	489,000	119,000
Premises and equipment — Note 5	1,091,000	1,071,000
	<u>\$70,693,000</u>	<u>\$46,524,000</u>

See notes to consolidated financial statements.

## LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31	
	1973	1972
Deposits:		
Demand deposits	\$20,078,000	\$18,447,000
Term deposits	1,460,000	111,000
Guaranteed investment certificates and debentures	42,279,000	24,119,000
	<u>63,817,000</u>	<u>42,677,000</u>
Bank loan - secured	1,000,000	
Mortgages payable - Note 6	320,000	339,000
Other liabilities	555,000	554,000
Deferred income taxes - Note 7	316,000	89,000
Shareholders' equity:		
Capital stock - Note 8		
Authorized - 1,000,000 shares of \$5 par value		
Issued - 698,031 shares (1972 - 498,031 shares)	3,490,000	2,490,000
Contributed surplus	761,000	261,000
Retained earnings	434,000	114,000
	<u>4,685,000</u>	<u>2,865,000</u>
	<u>\$70,693,000</u>	<u>\$46,524,000</u>

On behalf of the Board:

David S. Ades, Director

Gerald Rose, Director

## AUDITORS' REPORT

To the Shareholders of  
County Savings and Loan Corporation.

We have examined the consolidated balance sheet of County Savings and Loan Corporation and its subsidiary as at December 31, 1973 and the consolidated statements of income, retained earnings and contributed surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the consolidated financial position of the companies as at December 31, 1973 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
March 1, 1974

CLARKSON, GORDON & CO.  
Chartered Accountants



COUNTY SAVINGS AND LOAN CORPORATION  
and its subsidiary  
FEDERAL TRUST & SAVINGS COMPANY

CONSOLIDATED STATEMENTS  
OF RETAINED EARNINGS  
AND CONTRIBUTED SURPLUS

	Year ended December 31	
	<u>1973</u>	<u>1972</u>
RETAINED EARNINGS		
Balance at beginning of year	\$114,000	\$111,000
Net income for the year	<u>320,000</u>	<u>345,000</u>
	434,000	456,000
Dividends	<u>—</u>	<u>342,000</u>
Balance at end of year	<u><u>\$434,000</u></u>	<u><u>\$114,000</u></u>
CONTRIBUTED SURPLUS		
Balance at beginning of year	\$261,000	\$198,000
Add:		
Amount received on the issue of shares for a consideration in excess of their par value — Note 8	500,000	47,000
Amount transferred from share capital on amalgamation	<u>—</u>	<u>16,000</u>
Balance at end of year	<u><u>\$761,000</u></u>	<u><u>\$261,000</u></u>



CONSOLIDATED  
STATEMENT OF INCOME

	Year ended December 31	
	1973	1972
Income:		
Interest - mortgages	\$4,179,000	\$3,010,000
- deposit receipts	173,000	134,000
- consumer and demand loans	131,000	67,000
Interest and dividends on securities	535,000	529,000
Fees and commissions	355,000	85,000
Other operating	31,000	22,000
	<u>5,404,000</u>	<u>3,847,000</u>
Expenses:		
Interest - deposits	3,265,000	2,269,000
- other	54,000	28,000
Salaries, fees and staff benefits	911,000	555,000
Premises expenses	161,000	136,000
Other operating	487,000	347,000
	<u>4,878,000</u>	<u>3,335,000</u>
Operating income before income taxes	526,000	512,000
Income taxes - Note 7	233,000	246,000
Net operating income	<u>293,000</u>	<u>266,000</u>
Net gain on sale of investments less applicable income taxes - Note 7	27,000	34,000
Net income before extraordinary item	<u>320,000</u>	<u>300,000</u>
Reduction in income taxes due to losses carried forward from prior years	—	45,000
Net income for the year	<u>\$ 320,000</u>	<u>\$ 345,000</u>

See notes to consolidated financial statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1973

### 1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its 99% owned subsidiary, Federal Trust & Savings Company. The minority interests, which are not material, have been included with other liabilities on the balance sheet and other operating expenses on the statement of income. All significant intercompany transactions have been eliminated.

For comparative purposes certain 1972 accounts have been reclassified to conform with classifications adopted in 1973.

### 2. GUARANTEED TRUST ACCOUNT

Included in the assets of the Company are assets held for guaranteed trust account securing guaranteed trust liabilities of \$21,577,000.

### 3. SECURITIES

Bonds are stated at amortized cost plus accrued interest and stocks are stated at cost less amounts written off. Securities held are comprised of the following:

	1973		1972	
	Cost	Market	Cost	Market
	(000 omitted)			
Bonds:				
Government of Canada	\$1,578	\$1,459	\$1,782	\$1,717
Provinces of Canada	2,950	2,640	3,226	3,084
Municipalities of Canada	35	29	134	126
Other	1,399	1,237	1,513	1,418
	<u>5,962</u>	<u>5,365</u>	<u>6,655</u>	<u>6,345</u>
Stocks:				
Preferred	1,000	895	520	485
Common	438	360	214	204
	<u>1,438</u>	<u>1,255</u>	<u>734</u>	<u>689</u>
	<u>\$7,400</u>	<u>\$6,620</u>	<u>\$7,389</u>	<u>\$7,034</u>

### 4. MORTGAGES

Mortgages are stated at their outstanding principal amount plus accrued interest, less unamortized discounts and placement fees. Discounts and placement fees are amortized on a straight-line basis over the terms of mortgages, except for discounts and placement fees relating to mortgages of the former Federal Savings and Loan Corporation (one of the predecessor corporations) which are amortized using the sum-of-the-digits method.

### 5. PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation and are comprised of the following:

	1973	1972
	(000 omitted)	
Buildings	\$ 626	\$ 627
Furniture and equipment	315	235
	<u>941</u>	<u>862</u>
Less accumulated depreciation	285	229
	<u>656</u>	<u>633</u>
Land	435	438
	<u>\$1,091</u>	<u>\$1,071</u>

Depreciation charged against operations amounted to \$68,000 in 1973 and \$55,000 in 1972.

### 6. MORTGAGES PAYABLE

The Company has the following mortgages outstanding on three of its branches:

9% first mortgage maturing April 1, 1977 payable in monthly instalments of \$1,112 including principal and interest	\$ 121,000
9 1/2% first mortgage maturing October 30, 1977 payable in semi-annual instalments of \$7,500 plus interest	105,000
10% first mortgage due May 1, 1975 payable in monthly instalments of \$150 plus interest	94,000
	<u>\$ 320,000</u>

## 7. INCOME TAXES

Income taxes, current and deferred have been provided in the statement of income as follows:

	1973		1972	
	On operating income	On investment gains	On operating income	On investment gains
	<i>(000 omitted)</i>			
Current	\$ 16	\$ 6	\$229	\$ 3
Deferred	217	10	17	12
	<u>\$233</u>	<u>\$16</u>	<u>\$246</u>	<u>\$15</u>

Certain items of income and expense are included in one reporting period for financial accounting purposes and another for income tax purposes. Deferred income taxes are provided in recognition of these timing differences.

## 8. CAPITAL STOCK

- (a) On July 3, 1973, 200,000 shares were issued for a cash consideration of \$1,500,000. The amount received in excess of par value (\$500,000) has been credited to contributed surplus.
- (b) At December 31, 1973 there was an outstanding option to purchase 29,980 shares of the capital stock of the Company at \$5.50 per share expiring June 30, 1974.

## 9. EARNINGS PER SHARE

	1973	1972
Net operating income	<u>49¢</u>	<u>59¢</u>
Net gain on sale of investments	<u>5</u>	<u>8</u>
Net income before extraordinary item	<u>54</u>	<u>67</u>
Extraordinary item	<u>—</u>	<u>10</u>
Net earnings for the year	<u>54¢</u>	<u>77¢</u>

Earnings per share have been computed on the weighted average number of shares outstanding during each year.

If the stock option had been exercised at the beginning of the year, there would be no material dilutive effect on earnings per share.

## 10. COMMITMENTS

### (a) Mortgage commitments

Mortgage commitments at December 31, 1973 amounted to approximately \$4,000,000.

### (b) Lease commitments

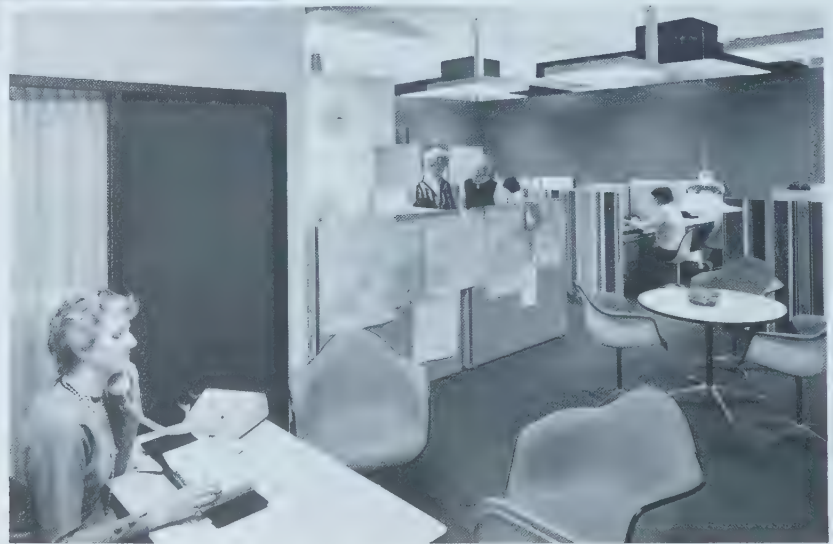
Under lease commitments expiring over the next 15 years, the Company is committed to annual rental payments of \$66,000.

## 11. OTHER INFORMATION

- (a) The aggregate remuneration paid to directors and senior officers amounted to \$195,000 (1972 - \$130,000).
- (b) During the year there were temporary loans to directors and officers aggregating a maximum amount of \$24,000. There were no such loans outstanding at December 31, 1973.



*The company's first Real Estate Sales Office was opened in Sheridan Mall, Pickering. Photo above shows the well-lit exterior and, at right, the colorfully-furnished interior.*







REALTY CAPITAL CORP. LIMITED

## CONSOLIDATED NINE - YEAR SUMMARY

(in thousands of dollars except per share figures)

## SERVICES AND FUNCTIONS

### Savings Accounts

Interest calculated on a minimum monthly balance and payable semi-annually.

### Chequing Accounts

Earn interest and at the same time write as many cheques as you require for a small service charge.

### Current Accounts

For the businessman who writes many cheques and requires a monthly statement. Unlike many other companies, we pay interest on this account.

### Guaranteed Investment Certificates

These certificates earn the highest rate of interest. Interest may be paid monthly for certificates in excess of \$10,000. Otherwise interest is payable half-yearly or may be accumulated to maturity. Certificates are available in amounts of \$100 or more.

### Short Term Deposits

Available in amounts of \$5,000 and over for periods of 30 to 364 days.

### Foreign Money Orders

A recently introduced service permitting an economical method of remitting funds to foreign destinations.

### Safety Deposit Boxes

A means of assuring the safety of your valuables.

### Mortgage Loans

Available on residential, commercial and industrial properties including secondary financing and interim construction loans.

### Consumer and Personal Loans

Life insured loans available to meet the personal requirements of our customers.

### Collateral Loans

On the security of approved stocks, bonds and debentures and on Trust Company Guaranteed Investment Certificates. Available to corporations, brokers and individuals.

### Mortgage Banking

A mortgage service for pension funds, insurance companies and other domestic and foreign institutional investors.

### Registered Retirement Savings Plans

A means of saving for retirement and deferring taxes at the same time. The company offers a number of investment alternatives.

### Real Estate Sales

We will acquire or sell for you any type of residential, commercial or industrial property.

### Real Estate Appraisals

We have professional appraisers for all types of properties.

### Personal Investment Management

Our Investment Officers are available to assist you in your investment decisions. In addition the company has two pooled funds, a Mortgage and Bond Fund and an Investment Fund, available for investments.

Other services available include:

- Domestic Money Orders
- Travellers Cheques
- Mortgage Servicing and Management
- Real Estate Management



REALTY CAPITAL CORP. LIMITED

## CONSOLIDATED NINE - YEAR SUMMARY

(in thousands of dollars except per share figures)

	1973	1972	1971
Total income	\$ 6,095	\$ 4,801	\$ 3,530
Cost of borrowing	3,574	2,451	1,859
	<u>2,521</u>	<u>2,350</u>	<u>1,671</u>
Operating expenses	1,823	1,246	1,000
Earnings before taxes	698	1,104	671
Provision for taxes	307	507	313
Earnings after taxes	391	597	358
Extraordinary item	—	45	—
Adjustments*	—	—	—
Net earnings	<u>\$ 391</u>	<u>\$ 642</u>	<u>\$ 358</u>
Return on average shareholders' equity	10.8%	23.2%	18.4%
Shareholder Items (per Class A share)**			
Net Earnings	\$ 0.55	\$ 1.02	\$ 0.74
Dividends	0.30	0.20	0.20
Equity***	5.10	4.88	4.31
Market price			
High	7-3/8	7.50	3.85
Low	3.85	3.50	2.20
December 31	4.00	6-1/8	3.40
Price/earnings multiple***	7.3	6.1	4.6
Other Data***			
Total assets	\$77,519	\$53,356	\$44,389
Estates, trusts and agencies under administration	\$ 6,193	—	—
Number of shares outstanding:**			
Class A	561,455	533,946	306,375
Common	174,400	174,400	174,400
Number of Class A shareholders	818	764	385

\*Adjusted for company's share in earnings (losses) of County Savings and Loan

\*\*Adjusted for 2 for 1 split in January, 1969

\*\*\*At December 31

1970	1969	1968	1967	1966	1965
\$ 1,208	\$ 545	\$ 468	\$ 384	\$ 355	\$ 276
585	159	152	155	167	128
623	386	316	229	188	148
450	171	132	100	79	63
173	215	184	129	109	85
92	109	88	57	47	34
81	106	96	72	62	51
—	—	—	—	—	—
—	10	5	3	(7)	(7)
<u>\$ 81</u>	<u>\$ 116</u>	<u>\$ 101</u>	<u>\$ 75</u>	<u>\$ 55</u>	<u>\$ 44</u>

4.5%	9.1%	14.8%	12.6%	10.2%	8.9%
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\$ 0.20	\$ 0.28	\$ 0.49	\$ 0.37	\$ 0.27	\$ 0.21
0.20	0.15	0.15	0.15	0.15	0.15
3.77	3.80	3.57	3.09	2.75	2.50

2.85	5-1/8
1.70	2.75
2.10	2.75
10.5	9.8

\$15,559	\$ 6,739	\$ 3,258	\$ 3,245	\$ 3,379	\$ 3,240
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306,375	306,375	30,500	30,000	30,000	30,000
174,400	174,400	174,400	174,400	174,400	174,400

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**REALTY CAPITAL CORP. LIMITED**

FEDERAL TRUST/COUNTY SAVINGS AND LOAN CORPORATION

**ANNUAL REPORTS 1973**